GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:5237
ANSWERED ON:21.12.2000
EFFECT OF APM ON PRODUCTION OF OIL
NARESH KUMAR PUGLIA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether phasing out of Administered Pricing Mechanism (APM) for oil sector will have any effect on the production of oil in the country; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) and (b): Under the administered pricing mechanism (APM),indigenous crude oil producers were getting the price for their crude linked to the actual cost of production of oil. On dismantling the APM, the price payable to indigenous crude oil producers, has been linked to the international prices of crude oil. The change is expected to generate more surpluses with the Exploration & Production Companies. This is expected to further accelerate the exploratory and developmental efforts.